

Franchise Tax Board

NO ANALYSIS REQUIRED

Author: Alquist Analyst: Roger Lackey Bill Number: AB 1774Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 06-15-2000Attorney: Patrick Kusiak Sponsor: _____**SUBJECT:** NOL Deduction Carryovers/Increase Percentage and Length of Carryover

- _____ ANALYSIS NOT REQUIRED of this bill -- Not within scope of responsibility of this department.
- _____ TECHNICAL BILL -- No program or fiscal changes to existing program.
- _____ BILL AS AMENDED NO LONGER WITHIN SCOPE of responsibility or program of the department.
- _____ TECHNICAL AMENDMENT - No change in previously submitted analysis required. Approved position of prior analysis is _____.
- _____ MINOR AMENDMENT - No change in previously submitted analysis required. Approved position of prior analysis is _____.
- _____ MINOR AMENDMENT - No change in approved position of _____. See comments below.
- ☒ OTHER - See comments below.

COMMENTS:

This bill would incrementally increase the general net operating loss (NOL) deduction carry forward amount under both the Personal Income Tax Law and the Bank and Corporation Tax Law. The amount would increase from 50% of the total NOL for taxable and income years beginning before January 1, 2000; to 55% for taxable and income years beginning on or after January 1, 2000, and before January 1, 2002; and to 60% for taxable and income years beginning on or after January 1, 2002. Additionally, this bill would increase the period to carry forward an NOL from the current five years to 10 years for all NOLs generated for taxable and income years beginning on or after January 1, 2000. The bill would retain current preferential NOL treatment for new and small businesses.

The June 15, 2000, amendments deleted the language added by the June 12, 2000, amendment that would have increased the general NOL deduction carry forward to 65% for taxable and income years beginning on or after January 1, 2004. The June 15 amendments also deleted the provision relating to the vehicle license fee offset amounts.

The June 12th amendments accepted the technical amendments suggested in the department's prior analysis.

As a result of the June 15, 2000, amendments, the department's analysis of AB 1774 as amended February 23, 2000, still applies.

Board Position:

_____ S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	_____ PENDING

Franchise Tax Board Staff

Date